2005 INTEGRATED ENERGY POLICY REPORT
SOUTHERN CALIFORNIA EDISON PLANNING AREA
SCE DECEMBER 2004 FORECAST
AND
CEC CED 2006 FORECAST

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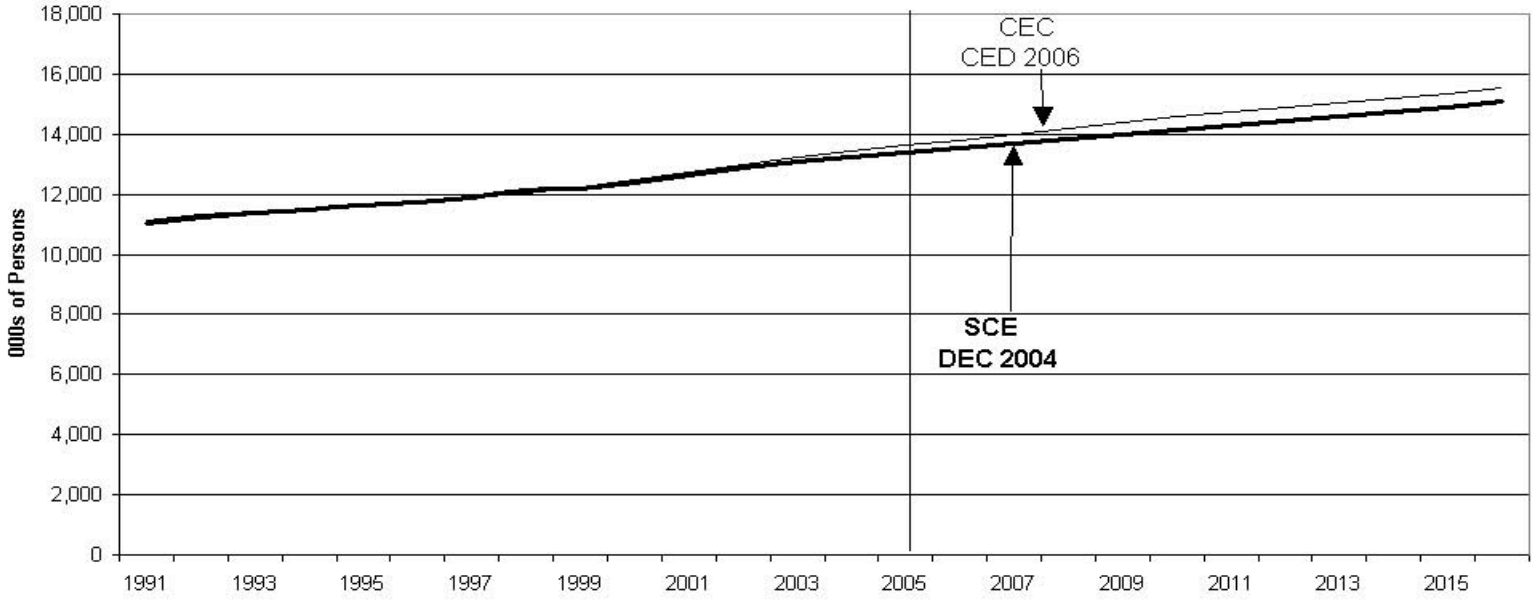
SUMMARY

Demand Forecast – Difference between the SCE December 2004 Forecast and CEC CED 2006 Forecasts are small at about a 3% difference in Peak Demand in 2016. (slide 9) The difference can be attributed to:

- Economic Forecast – The economic forecast used by SCE appears to be higher in the out years of the forecast period. (slide 5)
- Retail Sales – The composition of retail sales contributes to the dissimilarity in Peak Demand. (slide 7)
- Definitions and Methodologies – There are few common concepts shared between the two forecasts and the respective methodologies. (slide 10).

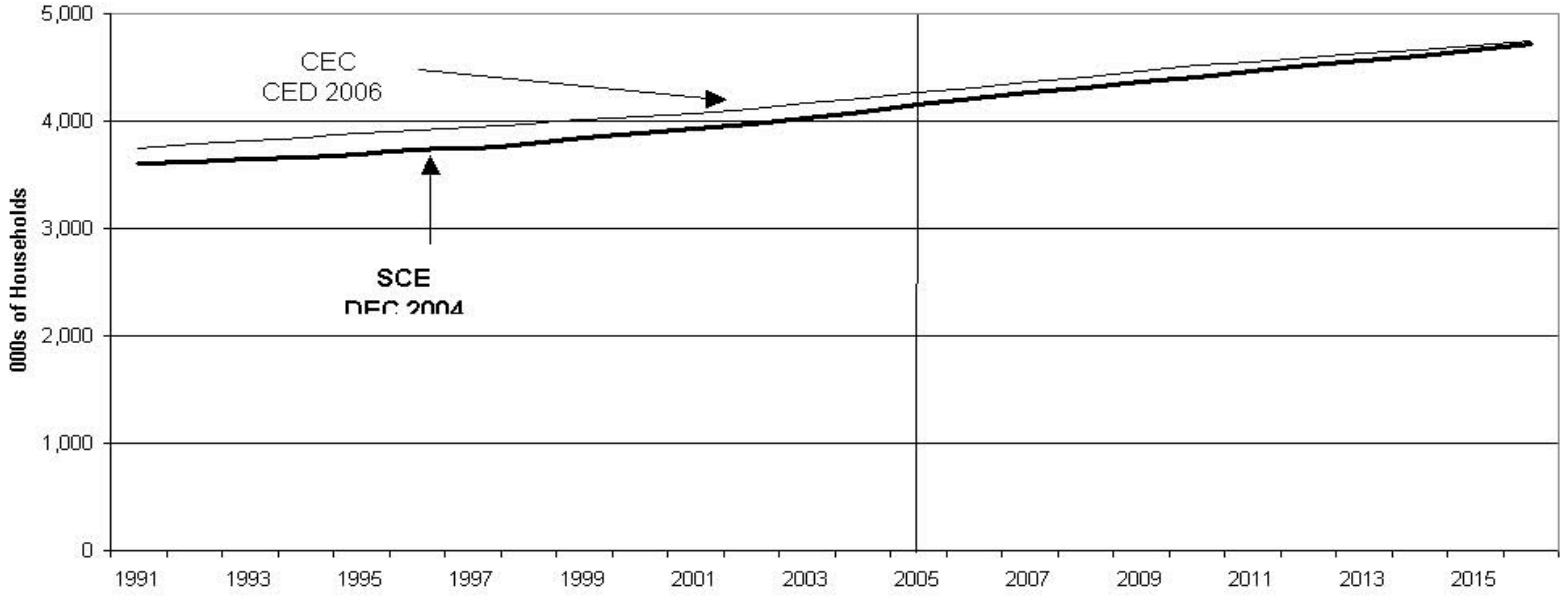
Population Growth – SCE and CEC assumptions on population growth differ by 3% in 2016.
Difference in population is not a significant factor between the two Forecasts.

CHART 1
SCE PLANNING AREA - POPULATION
SCE DEC 2004 AND CEC CED 2006 COMPARISON



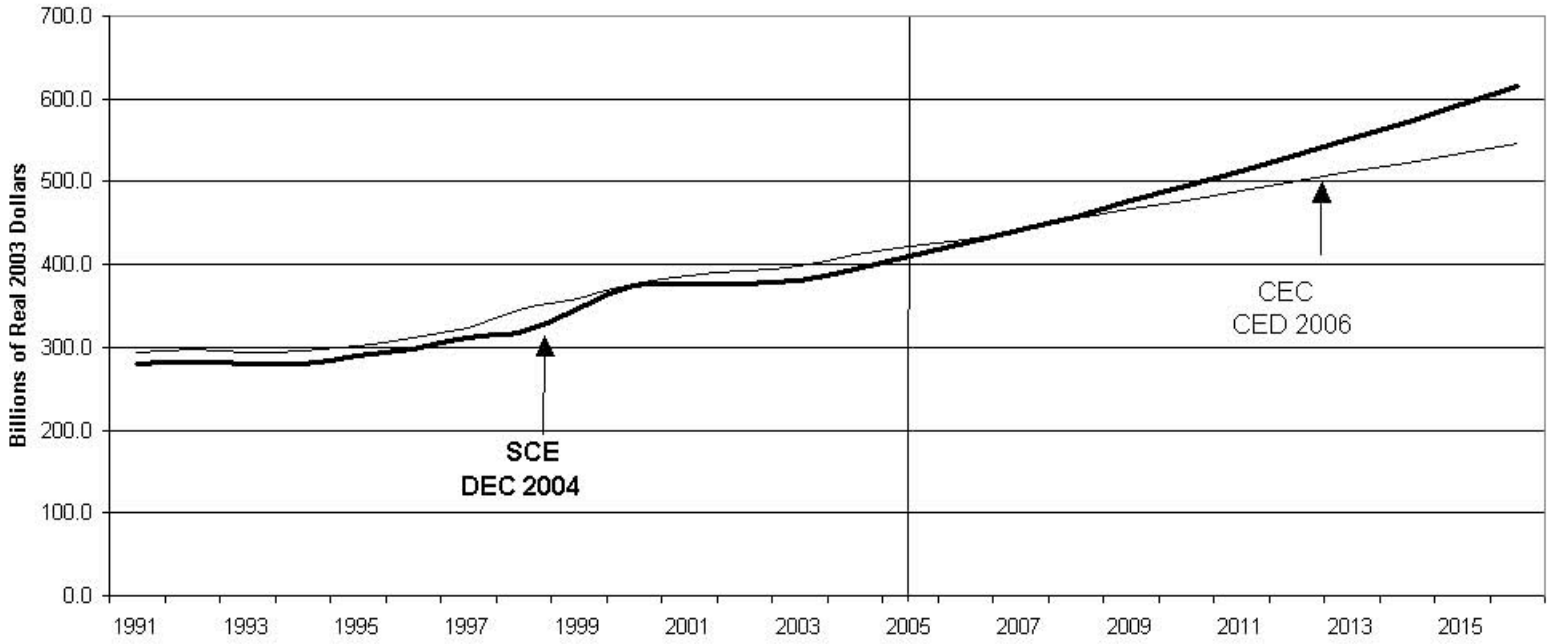
Household Growth – There is a large difference in the historical period between the SCE and CEC count of households The difference disappears by 2006 when they differ by only a 0.6% . The household forecast is virtually identical.

CHART 2
SCE PLANNING AREA - HOUSEHOLDS
SCE DEC 2004 AND CEC CED 2006 COMPARISON



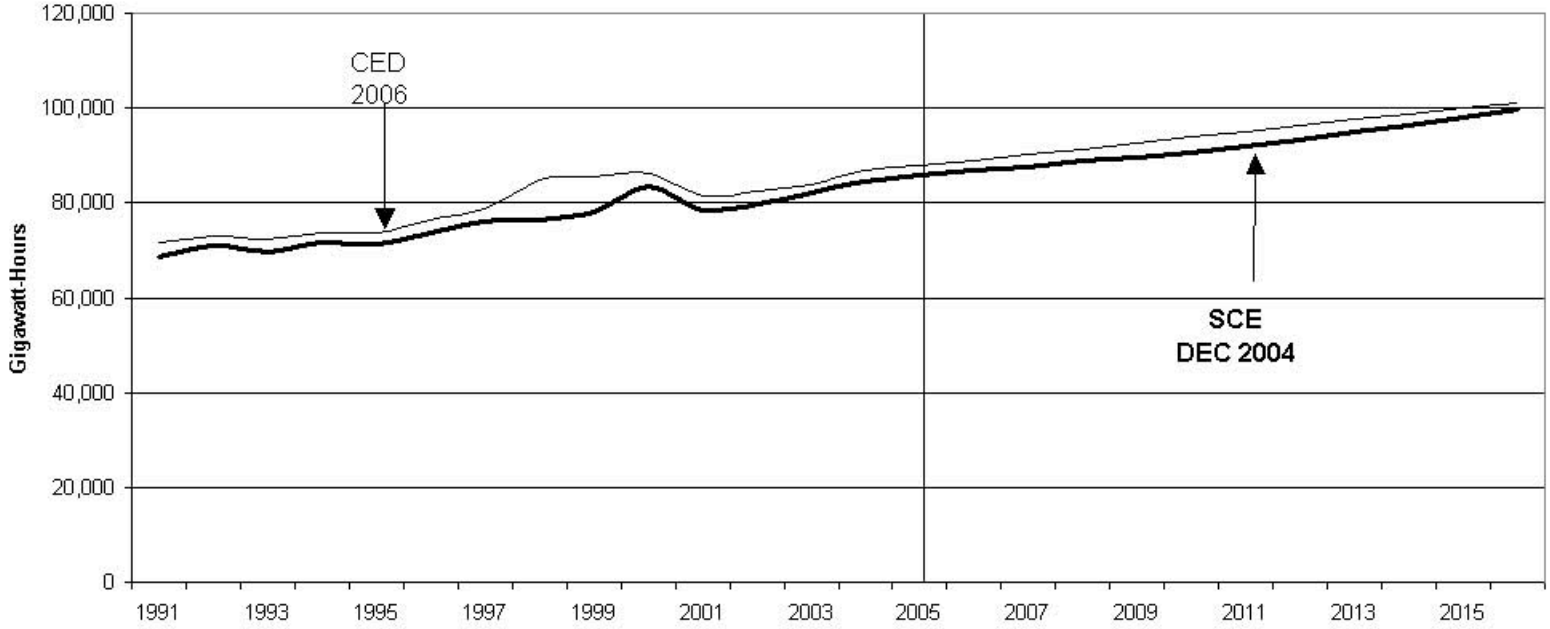
Personal Income best illustrates the difference in major economic assumptions of employment and wage growth. Personal Income growth shows the widest divergence between the two forecasts and the most significant amount of future uncertainty.

CHART 3
SCE PLANNING AREA - REAL PERSONAL INCOME
SCE DEC 2004 AND CEC CED 2006 COMPARISON



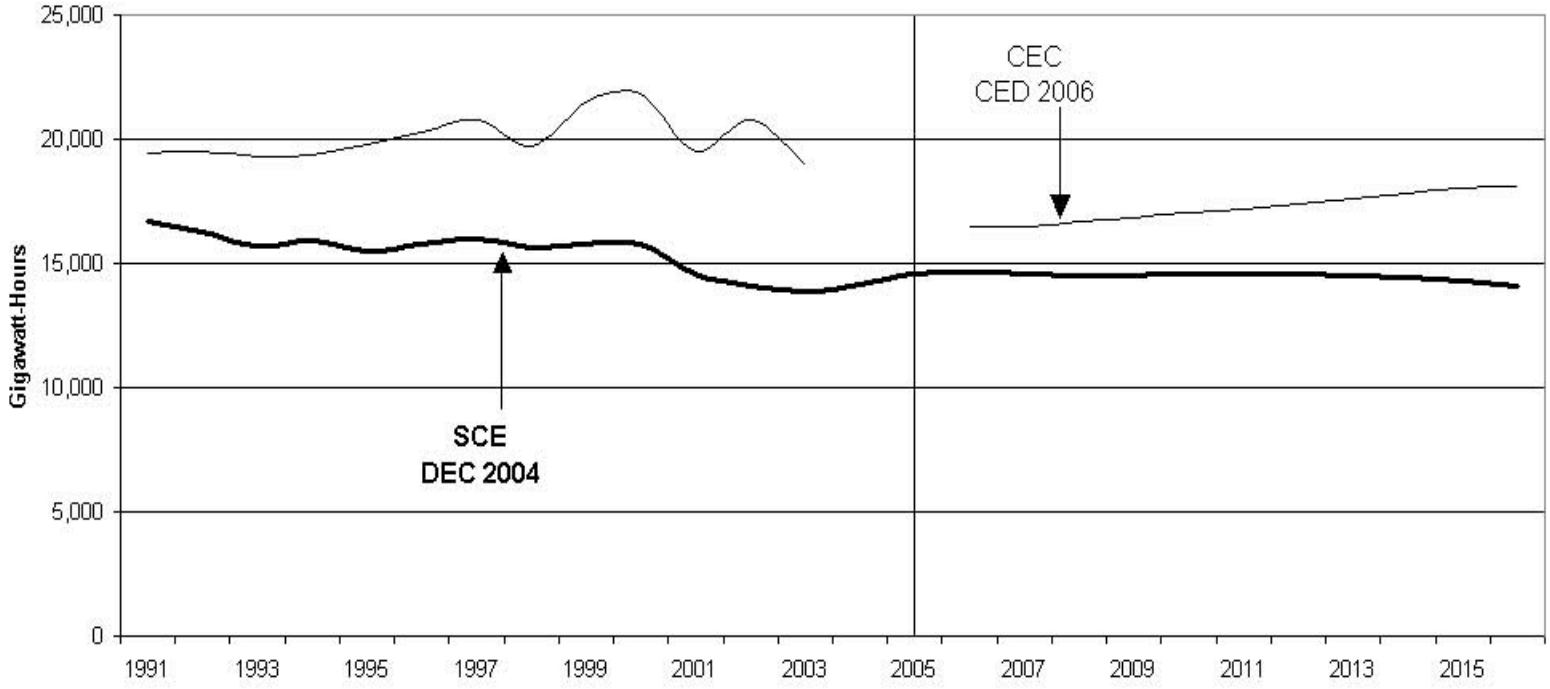
Retail Sales show large differences in the historical period 1997 through 1999. Whether the forecast difference is due to historical difference, definition of retail sales or the level of self generation is unclear.

CHART 4
SCE PLANNING AREA - RETAIL SALES
SCE DEC 2004 AND CEC CED 2006 COMPARISON



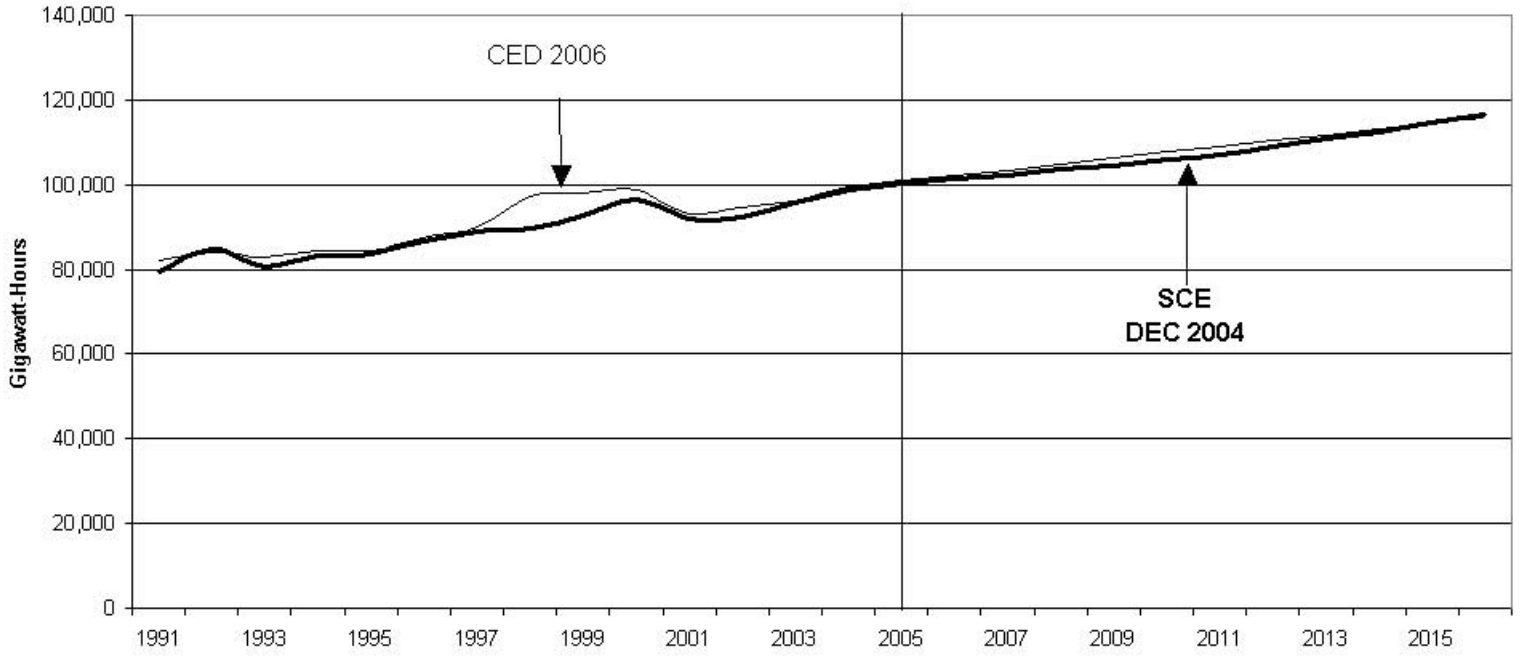
Industrial Consumption accounts for the the largest difference between the two forecasts. In the SCE Forecast Industrial Energy use is only 13% of total energy compared to 16% in the CED 2006. loads.

CHART 5
SCE PLANNING AREA - INDUSTRIAL CONSUMPTION
SCE DEC 2004 AND CEC CED 2006 COMPARISON



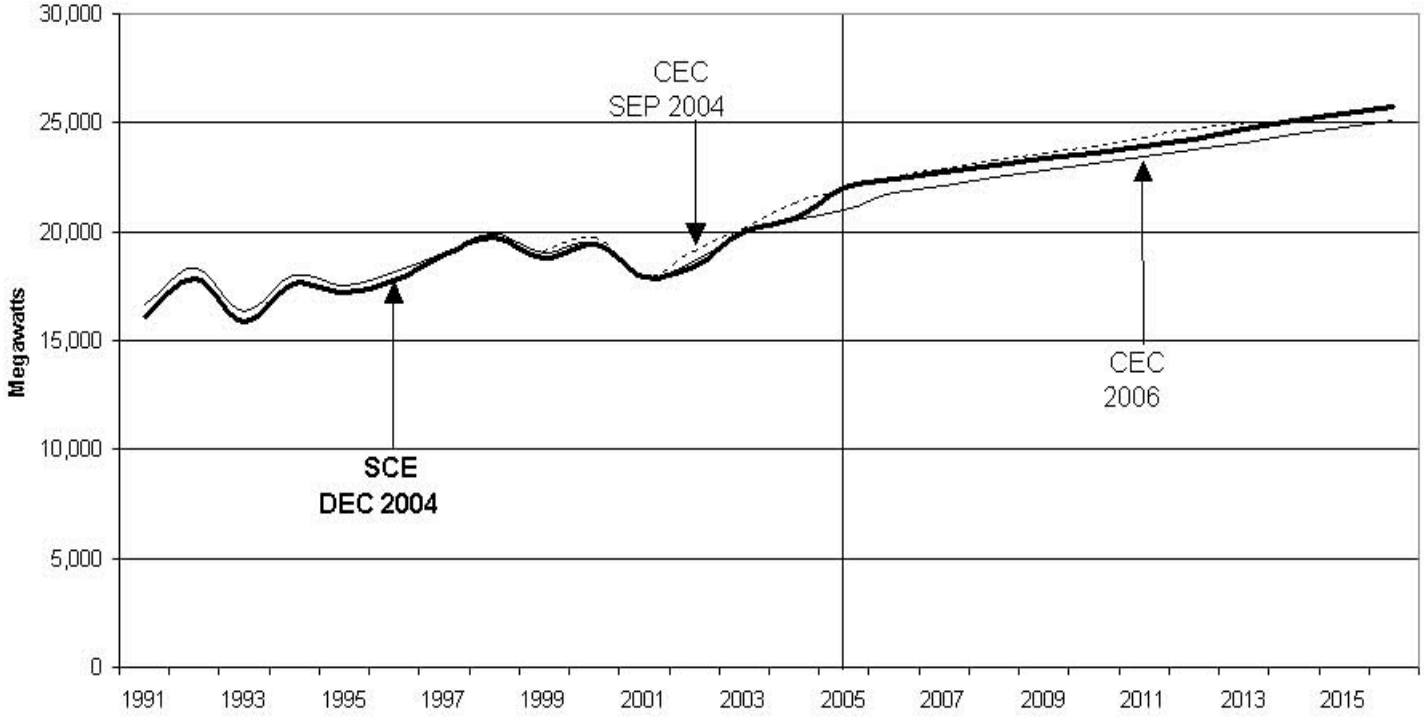
Net System Energy (or NEL in the CEC) for the forecast period is similar. There is a difference of 500GWh in the years 2006. The major difference is in the historical period of 1997 through 2001.

CHART 6
SCE PLANNING AREA - SYSTEM ENERGY
SCE DEC 2004 AND CEC CED 2006 COMPARISON



Difference between the SCE Forecast and CED 2006 Forecasts are small at about a 3% difference in Peak Demand in 2016. The share of Industrial energy use in the two Forecast probably explains much of the difference. Industrial loads are flatter then either residential or commercial

CHART 7
SCE PLANNING AREA - PEAK DEMAND
SCE DEC 2004 AND CEC CED2006 COMPARISON



Definitions and Methodologies – Also contribute to the differences. How much is unclear.

- Commodity – The CEC forecasts consumption which combines retail sales and private supply. SCE forecasts retail sales with private supply as dependent variable.
- Planning Area – There are differences due to definitions of service areas and number of load serving entities.
- Aggregation - The CEC Forecast aggregates up from the end-use by customer class to a total. The SCE forecast aggregates up from the revenue class to a total.
- Purpose Of Forecast – The intent of the two forecast is different. The SCE Forecast is used for energy procurement and rate making. The CEC Forecast is a planning forecast.